

Senate File 423 - Introduced

SENATE FILE 423

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A BILL FOR

1 An Act relating to property law, including rental properties,
2 manufactured home communities, mobile home parks, and
3 actions relating to such properties, making penalties
4 applicable, and including effective date and applicability
5 provisions.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

GROUND S FOR TERMINATION OF TENANCY

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2
3 Section 1. Section 562B.10, Code 2023, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. 4A. A landlord shall not terminate a
6 tenancy unless any of the following apply:

7 a. The tenant engaged in an act of material noncompliance
8 with the rental agreement.

9 b. The tenant committed a material violation of the
10 manufactured home community or mobile home park rules or
11 regulations.

12 c. The tenant committed any other violation of this chapter
13 for which termination is a remedy.

14 d. There exists a legitimate and material business reason
15 the impact of which is not specific to one tenant.

16 e. There is a change in the use of the land, and a change in
17 the use of the land is grounds for termination or nonrenewal
18 under the rental agreement.

19 Sec. 2. EFFECTIVE DATE. This division of this Act, being
20 deemed of immediate importance, takes effect upon enactment.

21 Sec. 3. APPLICABILITY. This division of this Act applies
22 to terminations of tenancies on or after the effective date of
23 this division of this Act.

24 DIVISION II

25 CONSUMER FRAUD

26 Sec. 4. Section 562B.4, Code 2023, is amended by adding the
27 following new subsection:

28 NEW SUBSECTION. 3. A violation of this chapter by a
29 landlord or the landlord's agent is an unlawful practice under
30 section 714.16.

31 Sec. 5. Section 714.16, subsection 2, Code 2023, is amended
32 by adding the following new paragraph:

33 NEW PARAGRAPH. g. It is an unlawful practice for a landlord
34 or the landlord's agent to violate any of the provisions of
35 chapter 562B.

1 Sec. 6. EFFECTIVE DATE. This division of this Act, being
2 deemed of immediate importance, takes effect upon enactment.

3 Sec. 7. APPLICABILITY. This division of this Act applies to
4 violations of chapter 562B occurring on or after the effective
5 date of this division of this Act.

6 DIVISION III

7 RENT INCREASES

8 Sec. 8. Section 562B.7, subsection 10, Code 2023, is amended
9 to read as follows:

10 10. "*Rent*" means a payment to be made to the landlord under
11 the rental agreement, ~~including base rent, utilities, late~~
12 ~~fees, and other payments made by the tenant to the landlord~~
13 ~~under the rental agreement.~~

14 Sec. 9. Section 562B.14, subsection 7, Code 2023, is amended
15 by striking the subsection and inserting in lieu thereof the
16 following:

17 7. *a.* A landlord shall not increase the amount of rent
18 due by any tenant in a manufactured home community or mobile
19 home park unless the tenant is notified in writing of the
20 rent increase at least one hundred eighty days before the
21 effective date of the rent increase. The effective date of
22 any rent increase shall not be less than one year after either
23 the effective date of the most recent rent increase or the
24 beginning of the tenancy, whichever is later.

25 *b.* (1) Subject to paragraph "*a*", a landlord may increase
26 the amount of rent due by any tenant in an amount greater than
27 the average annual increase of the consumer price index for all
28 urban consumers in the midwest region for the most recently
29 available preceding thirty-six-month period, if the landlord
30 demonstrates all of the following:

31 (a) The landlord, during the preceding twelve-month period,
32 has not been found in violation of any provision of this
33 chapter that threatens the health or safety of the tenants of
34 or visitors to the manufactured home community or mobile home
35 park that persists for more than fifteen days, beginning on the

1 day the landlord received notice of such violation.

2 (b) The proposed rent increase is directly related to
3 operating, maintaining, or improving the manufactured home
4 community or mobile home park, and is justified by one or more
5 of the following factors:

6 (i) The completion and cost of any capital improvements or
7 repair work in the manufactured home community or mobile home
8 park, as distinguished from ordinary repair, replacement, and
9 maintenance.

10 (ii) An increase in property taxes due on the manufactured
11 home community or mobile home park.

12 (iii) If the landlord is responsible for payment of one
13 or more utilities, an increase in utility expenses within the
14 manufactured home community or mobile home park.

15 (iv) An increase in insurance costs and financing
16 associated with the manufactured home community or mobile home
17 park.

18 (v) An increase in reasonable operating and maintenance
19 expenses relating to the manufactured home community or mobile
20 home park.

21 (vi) An increase in market rent. For purposes of this
22 subparagraph subdivision, "*market rent*" means that rent which
23 would result from market forces absent an unequal bargaining
24 position between the landlord and tenants. In determining
25 market rent, relevant considerations include rents charged
26 to recent new tenants of the manufactured home community or
27 mobile home park or rents charged by comparable manufactured
28 home communities or mobile home parks. To be comparable,
29 a manufactured home community or mobile home park must be
30 within the competitive area and must offer similar facilities,
31 services, amenities, and management.

32 (2) The department of revenue shall monitor the consumer
33 price index for all urban consumers in the midwest region and
34 report the relevant data to the consumer protection division of
35 the office of the attorney general for periodic publication.

1 c. The written notice of a rent increase provided to the
2 tenant must include the specific reasons for the increase
3 including the justification under paragraph "b", if applicable.

4 d. A decrease in the number or quality of amenities,
5 services, or utilities provided under the rental agreement
6 without a corresponding and proportionate reduction in rent
7 shall be considered a rent increase for the purposes of this
8 chapter.

9 Sec. 10. EFFECTIVE DATE. This division of this Act, being
10 deemed of immediate importance, takes effect upon enactment.

11 Sec. 11. APPLICABILITY. The following applies to rent
12 increases under chapter 562B occurring on or after the
13 effective date of this division of this Act:

14 The portion of the section of this division of this Act
15 enacting section 562B.14, subsection 7, paragraphs "a" and "d".

16 Sec. 12. APPLICABILITY. The following applies to rent
17 increases under chapter 562B occurring on or after July 1,
18 2023:

19 The portion of the section of this division of this Act
20 enacting section 562B.14, subsection 7, paragraphs "b" and "c".

21 DIVISION IV

22 LANDLORD REMEDIES AND PROCEDURES

23 Sec. 13. Section 562A.9, subsection 4, Code 2023, is amended
24 to read as follows:

25 4. For rental agreements in which the rent does not exceed
26 seven hundred dollars per month, a rental agreement shall not
27 provide for a late fee that exceeds twelve dollars per day or a
28 total amount of sixty dollars per month. For rental agreements
29 in which the rent is greater than seven hundred dollars per
30 month but less than one thousand four hundred dollars per
31 month, a rental agreement shall not provide for a late fee that
32 exceeds twenty dollars per day or a total amount of one hundred
33 dollars per month. For rental agreements in which the rent is
34 at least one thousand four hundred dollars per month, a rental
35 agreement shall not provide for a late fee that exceeds two

1 percent of the rent per day or a total amount of ten percent of
2 the rent per month.

3 Sec. 14. Section 562B.10, subsection 4, Code 2023, is
4 amended to read as follows:

5 4. For rental agreements in which the rent does not exceed
6 seven hundred dollars per month, a rental agreement shall not
7 provide for a late fee that exceeds twelve dollars per day or a
8 total amount of sixty dollars per month. For rental agreements
9 in which the rent is greater than seven hundred dollars per
10 month but less than one thousand four hundred dollars per
11 month, a rental agreement shall not provide for a late fee that
12 exceeds twenty dollars per day or a total amount of one hundred
13 dollars per month. For rental agreements in which the rent is
14 at least one thousand four hundred dollars per month, a rental
15 agreement shall not provide for a late fee that exceeds two
16 percent of the rent per day or a total amount of ten percent of
17 the rent per month.

18 Sec. 15. Section 562B.10, subsection 7, paragraph a, Code
19 2023, is amended by striking the paragraph and inserting in
20 lieu thereof the following:

21 a. If a tenant who was sole owner of a mobile home dies
22 during the term of a rental agreement, then that person's heirs
23 or legal representative or the landlord shall have the right
24 to cancel the tenant's lease by giving sixty days' written
25 notice to the person's heirs or legal representative or to the
26 landlord, whichever is appropriate, and the heirs or the legal
27 representative shall have the same rights, privileges, and
28 liabilities of the original tenant.

29 DIVISION V

30 MANUFACTURED HOUSING PROGRAM FUND

31 Sec. 16. Section 16.45, subsection 1, Code 2023, is amended
32 to read as follows:

33 1. A manufactured housing program fund is created within
34 the authority to further the goal of providing affordable
35 housing to Iowans. The moneys in the fund are to be used for

1 the purpose of providing funding to financial institutions or
2 other lenders to finance the purchase by an individual of a
3 manufactured home that is in compliance with all laws, rules,
4 and standards that are applicable to manufactured homes and
5 manufactured housing. ~~The manufactured housing program fund
6 is designed exclusively for manufactured homes sited on leased
7 land.~~

8 DIVISION VI

9 TENANT COUNTERCLAIM FOR LANDLORD NONCOMPLIANCE

10 Sec. 17. Section 562B.25, Code 2023, is amended by adding
11 the following new subsection:

12 NEW SUBSECTION. 5. *a.* In an action for possession based
13 upon nonpayment of the rent or in an action for rent where the
14 tenant is in possession, the tenant may counterclaim for an
15 amount which the tenant may recover under the rental agreement
16 or this chapter. In that event, the court from time to time
17 may order the tenant to pay into court all or part of the rent
18 accrued and thereafter accruing, and shall determine the amount
19 due to each party. The party to whom a net amount is owed
20 shall be paid first from the money paid into court, and the
21 balance by the other party. If rent does not remain due after
22 application of this section, judgment shall be entered for
23 the tenant in the action for possession. If the defense or
24 counterclaim by the tenant is without merit and is not raised
25 in good faith, the landlord may recover reasonable attorney
26 fees.

27 *b.* In an action for rent where the tenant is not in
28 possession, the tenant may counterclaim as provided in
29 paragraph "*a*", but the tenant is not required to pay any rent
30 into court.

31 Sec. 18. EFFECTIVE DATE. This division of this Act, being
32 deemed of immediate importance, takes effect upon enactment.

33 Sec. 19. APPLICABILITY. This division of this Act applies
34 to actions for possession filed on or after the effective date
35 of this division of this Act.

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DIVISION VII
UTILITY CHARGES

Sec. 20. Section 562B.14, subsection 6, paragraphs a and b, Code 2023, are amended to read as follows:

a. The landlord or any person authorized to enter into a rental agreement on the landlord's behalf shall provide a written explanation of utility rates, fees, charges, and services, subject to section 562B.16, subsection 3, to the prospective tenant before the rental agreement is signed unless the utility charges are paid by the tenant directly to the utility company.

b. Tenants shall be notified of any increase in utility rates or charges in the manner set forth in subsection 7 for rent increases, unless the landlord does not receive at least ninety days' prior notice of such increase from the utility provider, in which case ~~no prior notice of the increase from the landlord to the tenant is required for the increase to be effective~~ the landlord shall provide notice to the tenant within five business days of receiving the notice from the utility provider.

Sec. 21. Section 562B.16, Code 2023, is amended by adding the following new subsection:

NEW SUBSECTION. 3. A landlord that is responsible for payment of utilities being provided to the tenant shall not charge to the tenant an amount in excess of the actual cost of the utility and as specified in writing under section 562B.14, subsection 6. In addition to the actual cost of the utility, a landlord that is responsible for the payment of one or more utilities being provided to the tenant may impose a monthly utility administration fee to each tenant not to exceed five dollars per month. The amount of the utility administration fee shall not exceed five dollars per month regardless of the number of utilities being provided or the actual cost of the utilities being provided.

Sec. 22. Section 562B.25, Code 2023, is amended by adding

1 the following new subsection:

2 NEW SUBSECTION. 2A. The failure of a tenant to pay utility
3 charges that exceed the actual cost of the utility provided
4 as required by section 562B.16, subsection 3, shall not be
5 considered noncompliance with the rental agreement.

6 Sec. 23. Section 714H.3, subsection 2, Code 2023, is amended
7 by adding the following new paragraph:

8 NEW PARAGRAPH. *h.* Section 562B.16, subsection 3.

9 DIVISION VIII

10 UNLAWFUL OUSTER

11 Sec. 24. Section 562B.24, Code 2023, is amended to read as
12 follows:

13 **562B.24 Tenant's remedies for landlord's unlawful ouster,**
14 **exclusion or diminution of services.**

15 If the landlord unlawfully removes or excludes the tenant
16 from the manufactured home community or mobile home park or
17 willfully diminishes services to the tenant by interrupting
18 or causing the interruption of electric, gas, water or other
19 essential service to the tenant, the tenant may recover
20 possession, require the restoration of essential services or
21 terminate the rental agreement and, in either case, recover an
22 amount not to exceed two months' periodic rent, and twice the
23 actual damages sustained by the tenant, and reasonable attorney
24 fees. If the rental agreement is terminated, the landlord
25 shall return all prepaid rent and security.

26 Sec. 25. EFFECTIVE DATE. This division of this Act, being
27 deemed of immediate importance, takes effect upon enactment.

28 Sec. 26. APPLICABILITY. This division of this Act applies
29 to actions under section 562B.24, as amended in this division
30 of this Act, filed on or after the effective date of this
31 division of this Act.

32 DIVISION IX

33 TENANT CORRECTING DEFICIENCIES

34 Sec. 27. Section 562B.25, Code 2023, is amended by adding
35 the following new subsection:

1 NEW SUBSECTION. 4A. In any action by a landlord for
2 possession based upon nonpayment of rent, proof by the tenant
3 of all of the following shall be a defense to any action or
4 claim for possession by the landlord, and the amounts expended
5 by the tenant in correcting the deficiencies shall be deducted
6 from the amount claimed by the landlord as unpaid rent:

7 a. That the landlord failed to comply either with the rental
8 agreement or with section 562B.16.

9 b. That the tenant notified the landlord at least seven
10 days prior to the due date of the tenant's rent payment of the
11 tenant's intention to correct the condition constituting the
12 breach referred to in paragraph "a" at the landlord's expense.

13 c. That the reasonable cost of correcting the condition
14 constituting the breach is equal to or less than one month's
15 periodic rent.

16 d. That the tenant in good faith caused the condition
17 constituting the breach to be corrected prior to receipt of
18 written notice of the landlord's intention to terminate the
19 rental agreement for nonpayment of rent.

20 Sec. 28. EFFECTIVE DATE. This division of this Act, being
21 deemed of immediate importance, takes effect upon enactment.

22 Sec. 29. APPLICABILITY. This division of this Act applies
23 to actions by a landlord for possession filed on or after the
24 effective date of this division of this Act.

25 DIVISION X

26 DENIAL OF RENTAL OR REFUSAL OF SALE

27 Sec. 30. Section 562B.19, subsection 3, paragraphs a and c,
28 Code 2023, are amended to read as follows:

29 a. Deny rental unless the tenant or prospective tenant
30 cannot conform to manufactured home community or park rules
31 and regulations. A decision to deny rental shall conform
32 to recognized principles, rules, and standards generally
33 accepted by the professional manufactured home community or
34 park industry to ensure the commercially reasonable safety and
35 financial security of comparable manufactured home communities

1 or mobile home parks. A landlord shall deliver the decision
2 in writing to the tenant or prospective tenant as soon as
3 commercially feasible and shall provide the basis for a denial
4 in writing to the tenant or prospective tenant at the time of
5 the decision.

6 c. Deny any resident of a manufactured home community or
7 mobile home park the right to sell that person's mobile home
8 at a price of the person's own choosing, but may reserve the
9 right to approve the purchaser of such mobile home as a tenant
10 but such permission ~~may~~ shall only be withheld for a legitimate
11 business reason within the recognized principles, rules,
12 and standards described in paragraph "a", and shall not be
13 unreasonably withheld, provided however, that the landlord may,
14 in the event of a sale to a third party, in order to upgrade
15 the quality of the manufactured home community or mobile home
16 park, require that any mobile home in a rundown condition or in
17 disrepair be removed from the manufactured home community or
18 park within sixty days. If the landlord does not approve the
19 purchaser as a tenant, the landlord shall provide the purchaser
20 with written notice of such denial and the general reason for
21 the denial, but the landlord shall not be required to provide
22 a specific reason for the denial. If the landlord refuses
23 to approve the purchaser of the mobile home as a tenant, the
24 landlord shall provide a legitimate business reason for the
25 refusal in writing to the resident who is selling the mobile
26 home.

27 DIVISION XI

28 RENTAL AGREEMENT TERMS

29 Sec. 31. Section 562B.11, subsection 1, paragraph e, Code
30 2023, is amended to read as follows:

31 e. Agrees to modify the physical characteristics or
32 equipment of the mobile home, manufactured home, or modular
33 home in a way that would substantially impair the ability of
34 the tenant to move the home from the mobile home space, unless
35 such modification is required by federal law, including but not

1 limited to the model manufactured home installation standards,
2 24 C.F.R. pt. 3285, the manufactured home construction and
3 safety standards, [24 C.F.R. pt. 3280](#), or the manufactured
4 home procedural and enforcement regulations, 24 C.F.R.
5 pt. 3282, or by state or local law, the manufacturer's
6 installation instructions, any requirement arising from the
7 landlord's financing of the home or of the mobile home park or
8 manufactured home community in which the home is located, or
9 unless such modification is otherwise necessary for the safe
10 and proper installation of the home.

11 Sec. 32. Section 562B.11, subsection 1, Code 2023, is
12 amended by adding the following new paragraphs:

13 NEW PARAGRAPH. *f.* Authorizes imposition of fines,
14 penalties, or fees solely as a punishment or in amounts in
15 excess of actual damages or costs incurred.

16 NEW PARAGRAPH. *g.* Authorizes a person to confess judgment
17 on a claim arising out of the rental agreement.

18 NEW PARAGRAPH. *h.* Authorizes prohibitions, limitations,
19 additional deposits, or other restrictive policies that are
20 not based on ordinary wear and tear expected to occur during a
21 tenancy or that are not based on community safety standards.

22 Sec. 33. Section 562B.11, subsection 3, Code 2023, is
23 amended to read as follows:

24 3. A provision prohibited by [this section](#) included in a
25 rental agreement is unenforceable. If a landlord ~~or tenant~~
26 knowingly and willfully uses a rental agreement containing
27 provisions known to be prohibited by [this chapter](#), the ~~other~~
28 ~~party~~ tenant may recover actual damages sustained by the tenant
29 and not more than three months' periodic rent and reasonable
30 attorney fees.

31 DIVISION XII

32 RENTAL DEPOSITS

33 Sec. 34. Section 562B.7, subsection 12, Code 2023, is
34 amended to read as follows:

35 12. "*Rental deposit*" means a deposit of money to secure

1 performance of a ~~mobile home space~~ rental agreement under this
2 chapter ~~other than a deposit which is exclusively in advance~~
3 ~~payment of rent.~~

4 Sec. 35. Section 562B.13, subsection 2, Code 2023, is
5 amended to read as follows:

6 2. All rental deposits shall be held by the landlord for
7 the tenant, who is a party to the agreement, in a bank, credit
8 union, or savings and loan association which is insured by an
9 agency of the federal government. Rental deposits shall not be
10 commingled with the personal funds of the landlord. All rental
11 deposits may be held in a trust account, which may be a common
12 trust account and which may be an interest-bearing account.
13 Any interest earned on a rental deposit during the first five
14 years of a tenancy shall be the property of the landlord.

15 Sec. 36. Section 562B.13, Code 2023, is amended by adding
16 the following new subsection:

17 NEW SUBSECTION. 9. The court may, in any action on a rental
18 agreement, award reasonable attorney fees to the prevailing
19 party.

20 DIVISION XIII

21 NONJUDICIAL FORECLOSURE

22 Sec. 37. Section 654.18, Code 2022, is amended by adding the
23 following new subsection:

24 NEW SUBSECTION. 5. Actions under this section initiated
25 on or after July 1, 2023, shall not be allowed for property
26 consisting of a mobile home as defined in section 562B.7.

27 Sec. 38. Section 655A.9, Code 2023, is amended to read as
28 follows:

29 **655A.9 Application of chapter.**

30 1. **This chapter** does not apply to real estate used for
31 an agricultural purpose as defined in **section 535.13**, or to
32 a one or two family dwelling which is, at the time of the
33 initiation of the foreclosure, occupied by a legal or equitable
34 titleholder.

35 2. **Actions under this chapter initiated on or after July 1,**

1 2023, shall not be allowed for property consisting of a mobile
2 home as defined in section 562B.7.

3 DIVISION XIV

4 RETALIATION

5 Sec. 39. Section 562B.32, subsection 1, paragraph a, Code
6 2023, is amended to read as follows:

7 a. The tenant has complained to a governmental agency
8 ~~charged with responsibility for enforcement of a building or~~
9 ~~housing code of a violation applicable to the manufactured~~
10 ~~home community or mobile home park materially affecting health~~
11 ~~and safety or other group relating to assisting tenants.~~ For
12 this subsection paragraph to apply, a complaint filed with a
13 governmental body or group must be in good faith.

14 DIVISION XV

15 CAPITAL GAIN TAXES EXCLUSION

16 Sec. 40. Section 422.7, Code 2023, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 44. a. Subtract, to the extent included,
19 the net capital gain from the sale or exchange of a mobile home
20 park.

21 b. To qualify under this subsection, the sale must be made
22 to any of the following:

23 (1) A tenants' association or a mobile home park residents'
24 association.

25 (2) A nonprofit organization under section 501(c)(3) of
26 the Internal Revenue Code that purchases a mobile home park on
27 behalf of a tenants' association or mobile home park residents'
28 association.

29 (3) A county housing authority.

30 (4) A municipal housing authority.

31 c. If the eligible business is a partnership, S corporation,
32 limited liability company, or estate or trust electing to have
33 the income taxed directly to the individual, an individual
34 may claim the tax credit allowed. The amount claimed by
35 the individual shall be based upon the pro rata share of

1 the individual's earnings of the partnership, S corporation,
2 limited liability company, or estate or trust.

3 *d.* For the purpose of this subsection, "tenants'
4 association" or "mobile home park residents' association" means a
5 group of six or more tenants who reside in a mobile home park,
6 have organized for the purpose of eventual purchase of the
7 mobile home park, have established bylaws of the association,
8 and have obtained the approval by vote of at least fifty-one
9 percent of the residents of the mobile home park to purchase
10 the mobile home park.

11 Sec. 41. Section 422.35, Code 2023, is amended by adding the
12 following new subsection:

13 NEW SUBSECTION. 15. *a.* Subtract, to the extent included,
14 the net capital gain from the sale or exchange of a mobile home
15 park.

16 *b.* To qualify under this subsection, the sale must be made
17 to any of the following:

18 (1) A tenants' association or a mobile home park residents'
19 association.

20 (2) A nonprofit organization under section 501(c)(3) of
21 the Internal Revenue Code that purchases a mobile home park on
22 behalf of a tenants' association or mobile home park residents'
23 association.

24 (3) A county housing authority.

25 (4) A municipal housing authority.

26 *c.* For the purpose of this subsection, "tenants'
27 association" or "mobile home park residents' association" means a
28 group of six or more tenants who reside in a mobile home park,
29 have organized for the purpose of eventual purchase of the
30 mobile home park, have established bylaws of the association,
31 and have obtained the approval by vote of at least fifty-one
32 percent of the residents of the mobile home park to purchase
33 the mobile home park.

34

EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill relates to property law.

3 **FOUNDATIONS FOR TERMINATION OF TENANCY.** The bill prohibits a
4 landlord from terminating a tenancy unless the tenant acts in
5 material noncompliance with the rental agreement, commits a
6 material violation of the manufactured home community or mobile
7 home park rules or regulations, or commits any other violation
8 of Code chapter 562B for which termination is a remedy; or
9 for a legitimate and material business reason, the impact of
10 which is not specific to one tenant; or due to a change in the
11 use of the land, and such change is grounds for termination or
12 nonrenewal under the rental agreement.

13 This division of the bill takes effect upon enactment and
14 applies to terminations of tenancies on or after that date.

15 **CONSUMER FRAUD.** The bill provides that a violation of
16 Code chapter 562B by a landlord or the landlord's agent is
17 an unlawful practice under Code section 714.16, governing
18 consumer frauds. Several types of remedies are available
19 if a court finds that a person has committed an unlawful
20 practice, including injunctive relief, disgorgement of moneys
21 or property, and a civil penalty not to exceed \$40,000 per
22 violation.

23 This division of the bill takes effect upon enactment and
24 applies to violations of Code chapter 562B occurring on or
25 after that date.

26 **RENT INCREASES.** The bill strikes changes to the definition
27 of "rent" made by the general assembly in 2022 and modifies
28 provisions governing an increase in the amount of rent paid
29 by a tenant. The bill prohibits a landlord from increasing
30 rent unless the tenant is notified in writing of the rent
31 increase at least 180 days before the effective date of the
32 rent increase. The bill further provides that the effective
33 date of any rent increase shall not be less than one year from
34 either the effective date of the most recent rent increase or
35 the beginning of the tenancy, whichever is later.

1 A landlord may increase the amount of rent due by any tenant
2 in an amount greater than the average annual increase of the
3 consumer price index for all urban consumers in the midwest
4 region for the most recently available preceding 36-month
5 period, if the landlord demonstrates a number of conditions
6 set forth in the bill. The bill also requires the written
7 notice of a rent increase provided to the tenant to include
8 the specific reasons and justifications for the increase. A
9 decrease in the number or quality of amenities, services,
10 or utilities provided under the rental agreement without a
11 corresponding and proportionate reduction in rent shall be
12 considered a rent increase for the purposes of Code chapter
13 562B.

14 This division of the bill takes effect upon enactment and
15 includes applicability provisions for certain requirements
16 related to rent increases.

17 LANDLORD REMEDIES AND PROCEDURES. Current law caps late
18 fees on rental agreements in which rent is greater than \$700
19 per month at \$20 per day and \$100 per month. The bill allows
20 a rental agreement to provide for late fees not to exceed 2
21 percent of the rent per day and 10 percent of the rent per
22 month when rent exceeds \$1,400 per month. The bill undoes
23 changes made to Code section 562B.10(7)(a) made by the general
24 assembly in 2022 relating occupancy by heirs and personal
25 representatives of a decedent's estate.

26 MANUFACTURED HOUSING PROGRAM FUND. Under current law, the
27 manufactured housing program fund is used for the purpose of
28 providing funding to financial institutions or other lenders
29 to finance the purchase by an individual of a compliant
30 manufactured home. The bill strikes language providing that
31 the fund is designed exclusively for manufactured homes sited
32 on leased land.

33 TENANT COUNTERCLAIM FOR LANDLORD NONCOMPLIANCE. The bill
34 amends Code section 562B.25, relating to actions by a landlord
35 for noncompliance with a rental agreement by a tenant or

1 failure to pay rent, by establishing authority and procedures
2 similar to those under Code section 562A.24 (landlord's
3 noncompliance as defense to action for possession or rent —
4 uniform residential landlord and tenant Act). In a landlord's
5 action for possession based upon nonpayment of rent or in an
6 action for rent where the tenant is in possession, the tenant
7 may counterclaim for an amount which the tenant may recover
8 under the rental agreement or Code chapter 562B, and pay into
9 court all or part of the rent. If the defense or counterclaim
10 by the tenant is without merit and is not raised in good
11 faith, the landlord may recover reasonable attorney fees.
12 Additionally, in an action for rent where the tenant is not in
13 possession, the tenant may counterclaim but is not required to
14 pay any rent into court.

15 This division of the bill takes effect upon enactment and
16 applies to actions for possession filed on or after that date.

17 UTILITY CHARGES. The bill provides that a landlord that
18 is responsible for payment of utilities being provided to the
19 tenant shall not charge to the tenant an amount in excess of
20 the actual cost of the utility and the failure of a tenant to
21 pay utility charges that exceed the actual cost of the utility
22 provided shall not be considered noncompliance with the rental
23 agreement. In addition to the actual cost of the utility,
24 the bill authorizes a landlord that is responsible for the
25 payment of one or more utilities to impose a monthly utility
26 administration fee to each tenant not to exceed \$5 per month,
27 regardless of the number of utilities being provided or the
28 actual cost of the utilities being provided. The bill also
29 provides that a violation of the limitation on utility charges
30 is a violation of Code section 714H.3 (private right of action
31 for consumer frauds).

32 UNLAWFUL OUSTER. The bill amends Code section 562B.24
33 relating to a tenant's remedies for a landlord's unlawful
34 ouster or exclusion or diminution of services. The bill adds
35 reasonable attorney fees to the list of recoverable damages

1 and provides that if the rental agreement is terminated, the
2 landlord shall return all prepaid rent and security.

3 This division of the bill takes effect upon enactment and
4 applies to actions under Code section 562B.24 filed on or after
5 that date.

6 TENANT CORRECTING DEFICIENCIES. The bill provides that in
7 any action by a landlord for possession based upon nonpayment
8 of rent, proof by the tenant of certain actions set forth in
9 the bill are a defense to any action or claim for possession
10 by the landlord, and the amounts expended by the tenant in
11 correcting the deficiencies shall be deducted from the amount
12 claimed by the landlord as unpaid rent.

13 This division of the bill takes effect upon enactment and
14 applies to actions by a landlord for possession filed on or
15 after that date.

16 DENIAL OF RENTAL OR REFUSAL OF SALE. Code section
17 562B.19(3)(a) prohibits a landlord from denying rental unless
18 the tenant or prospective tenant cannot conform to manufactured
19 home community or park rules and regulations. The bill
20 requires any such decision to conform to recognized principles,
21 rules, and standards generally accepted by the professional
22 manufactured home community or park industry to ensure the
23 commercially reasonable safety and financial security of
24 comparable manufactured home communities or parks. The bill
25 also requires a landlord to deliver the decision in writing
26 to the tenant or prospective tenant as soon as commercially
27 feasible and to provide the basis for a denial in writing to
28 the tenant or prospective tenant at the time of the decision.

29 Code section 562B.19(3)(c) prohibits a landlord from denying
30 any resident of a manufactured home community or mobile home
31 park the right to sell that person's mobile home at a price
32 of the person's own choosing, but provides that the landlord
33 has the right to approve the purchaser as a tenant but such
34 permission may not be unreasonably withheld. The bill allows
35 such permission to be withheld only for a legitimate business

1 reason within the recognized principles, rules, and standards
2 accepted by the industry. If the landlord refuses to approve
3 the purchaser as a tenant, the landlord must provide a
4 legitimate business reason for the refusal in writing to the
5 resident.

6 RENTAL AGREEMENT TERMS. The bill adds to the list of
7 prohibited rental agreement provisions in Code section
8 562B.11 a provision requiring agreement to modify the physical
9 characteristics or equipment of the mobile home, manufactured
10 home, or modular home if such modification impairs the ability
11 of the tenant to move the home, unless otherwise required by
12 law or local ordinance.

13 The bill prohibits rental agreements under Code chapter 562B
14 from providing that the tenant or landlord does any of the
15 following: (1) authorizes imposition of fines, penalties, or
16 fees solely as a punishment or in amounts in excess of actual
17 damages or costs incurred, (2) authorizes a person to confess
18 judgment on a claim arising out of the rental agreement, and
19 (3) authorizes prohibitions, limitations, additional deposits,
20 or other restrictive policies that are not based on ordinary
21 wear and tear or that are not based on community safety
22 standards.

23 The bill provides that a tenant may recover up to three
24 months' rent and attorney fees for a landlord's knowing
25 and willful use of a rental agreement containing prohibited
26 provisions. The bill also removes the ability of the landlord
27 to recover from the tenant for use of a rental agreement
28 containing prohibited provisions.

29 RENTAL DEPOSITS. The bill modifies the definition of
30 "rental deposit" for purposes of Code chapter 562B, provides
31 that the landlord is only entitled to the interest earned on
32 the rental deposit for the first five years of the tenancy, and
33 establishes authority for a court, in any action on a rental
34 agreement, to award reasonable attorney fees to the prevailing
35 party.

1 NONJUDICIAL FORECLOSURE. The bill excludes mobile homes
2 from the applicability of nonjudicial foreclosure provisions.

3 RETALIATION. Code section 562B.32(1) generally provides
4 that a landlord shall not retaliate by increasing rent or
5 decreasing services or by bringing or threatening to bring an
6 action for possession or by failing to renew a rental agreement
7 after the exercise or assertion of several specified rights
8 and remedies, including complaining to a governmental agency
9 charged with responsibility for enforcement of a building or
10 housing code of a violation applicable to the manufactured
11 home community or mobile home park materially affecting health
12 and safety. The bill instead provides that a landlord cannot
13 retaliate against a tenant for filing a good-faith complaint
14 with a governmental agency or other group relating to assisting
15 tenants.

16 CAPITAL GAIN TAX EXCLUSION. The bill creates a capital gain
17 exclusion from sale of a mobile home park to certain entities
18 set forth in the bill.